

SUSTAINABLE

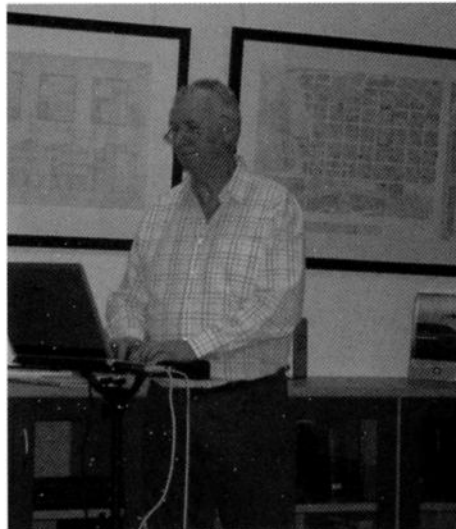
economic growth

by Proz Oz exec and director
of Melbourne's Land Values
Research Group, **Bryan
Kavanagh**

The last thirty-five years witnessed the greatest environmental plunder the planet has experienced, and we in the developed west ought to accept that we were largely to blame for much of this destruction of the natural environment.

However, those who accept it as true that *increasing rates of economic growth* were the culprit need to think again, because the facts do not support this assessment. So ingrained is this the idea that people will examine the charts below yet still find it difficult to reject this canard which directs us into wanting to return to all things medieval. The claim that economic growth is necessarily destructive may be intuitively appealing, but it is quite incorrect. Economic growth can only happen if it is sustainable. This needs to be explained.

Most of us feel invested in doing what is right for the environment and wouldn't willingly act to destroy it. So, obviously, it must be big business and developers, supported by governments, who have been ripping the planet apart, right? Well, yes, but who is big business? Do business managers venture out physically to abuse nature and widen the human footprint? Is it not more commonly their employees (us?) who do this? Who are developers? Do the bosses roll up their sleeves to overbuild? Is it not also their employees (us?) who more commonly do this? Who is government? No matter what we may feel about the current government, is it not us ultimately? Most of us work to earn a living and many of us work for an employer who sets the parameters of our job. Could it not be that as economic growth rates have trended down--as workplaces have been downsized, and men and



women have had to work harder and longer, and our personal levels of debt have escalated--that workers subconsciously become less discriminating than they ought to be about some of the duties they are required to carry out to earn their salaries? The term 'wage slave' comes to mind. What logger of old growth forests, being a family man, will act upon a twinge of conscience to leave his tractor and go to the barricades against wood-chipping when his neighbours have been losing their jobs? He has a job to do and he will do it properly: buggar those leftie Greenies! Upton Sinclair probably put it more succinctly when he said: "*It is difficult to get a man to understand something when his salary depends upon his not understanding it.*"

The Russian economist, Nikolai Kondratieff, showed that the first half of a period between depressions displays an expansionary phase, before the second half descends into a deflationary trough. These trends are clearly visible in the below GDP growth charts for Australia, the UK and USA, whereas data for Japan and Germany is more limited. As the charts show that economic growth has decidedly been trending downwards, it scarcely supports the case that increasing GDP growth has caused the environmental destruction of the last 35 years!

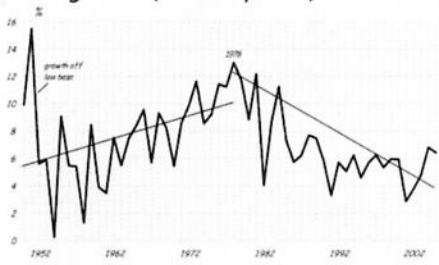
Now, suppose we levy a significant charge on the use and abuse of land
Progress January – February 2007

and natural resources in private ownership - then concomitantly slash taxes on peoples' earned incomes. (Earned incomes are surely the real 'private property'?) What will be the result? Won't the vast majority of people be much better off? Won't they be less submissive? Won't they more be prepared to express their environmental concerns in an atmosphere of economic growth where jobs are abundant? Won't the charge levied on the annual value of land and resources act to *conserve* the natural environment and treat it more sacredly than in a job regime where workers are more subservient? Wouldn't we be less inclined to broaden the human footprint on the planet by continuing to expand mindlessly into our hinterlands under these circumstances? When an annual charge is placed on the value of natural resources held in private possession as the *natural* source of revenue; when we recycle much more than we do currently; *then*, society may come to acknowledge that sustainable economic growth is indeed possible. Not only does the last 35 years *not* support the seductive conclusion that economic growth is at the heart of man-made environmental disasters, the data shown in the charts suggest that greater destruction actually occurs during times of contracting economic growth.

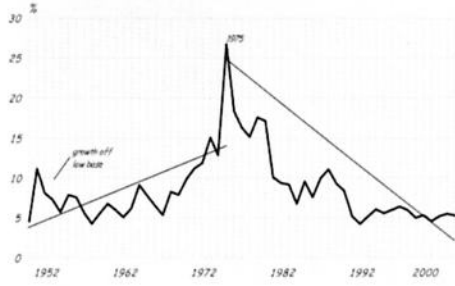
GDP growth (current prices): Australia



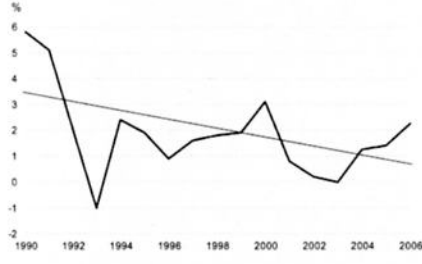
GDP growth (current prices): USA



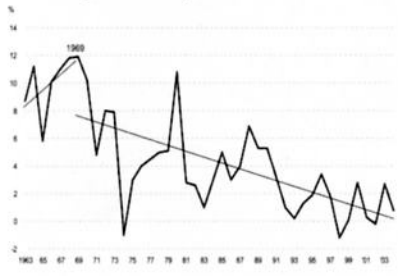
GDP growth (current prices): UK



GDP Growth: Germany



GDP growth: Japan



**Harrisburg is living proof that even a "modest"
Land Value Tax works!**
by Dave Wetzel, vice-chair of Transport for London
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Harrisburg, the capital of Pennsylvania, with 50,000 population, sits in the "Rust Belt" of the USA where many towns and cities have lost traditional heavy industry and face economic decline.

Harrisburg was listed as the second most distressed city in the nation twenty years ago. It had sustained precipitous decline over nearly three decades --- a decline far greater in proportion than what has ever been experienced by any urban community in the State of Pennsylvania or, for that matter, every other state with the exception of one.

Since Harrisburg introduced the annual land value tax on all taxable land their city has jumped from bottom to the top group of American cities.

Mayor Reed says: "Without hesitation we can commend the importance and benefit of the land value tax policy. It has worked in Harrisburg and in other communities where it has existed."

Since the 1970s Harrisburg has had a Split Rate Tax on property where land is valued separately to "improvements" (buildings). A levy is then applied to the two values. The City rates land six times more than buildings.

The Split Rate Tax (land and buildings) is a modest form of Annual Land Value Tax (LVT) and the land element only represents 14.5% of City tax revenues.

The City budget excludes the Harrisburg schools expenditure (the School District does not operate LVT and levies the same rate on both land and improvements). In addition the LVT only falls on about half the land in Harrisburg as Government, charity, education and health premises are excluded by Pennsylvania State law.

However - What are the results of this modest Land Value Tax?

The facts speak for themselves:

- Empty sites and buildings have been redeveloped and the number of vacant properties cut by 85%
- The number of businesses on the tax roll has grown from 1,908 to 8,864
- Over 5,000 housing units have been newly constructed or rehabilitated
- Taxable real estate has grown from \$212m to over \$1.6 bn
- Unemployment has fallen by 19%
- Crime has dropped by 58%
- Fires have dropped by 76%

Mayor Reed was first elected in 1982 and is still The Mayor today!

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